

# MARK R. HUTCHINSON

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**UNITED PARCEL SERVICE  
OVERNIGHT DELIVERY**

Case 2004-00300

July 29, 2004

Beth O'Donald  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, Kentucky 40602

**RECEIVED**

JUL 30 2004

**PUBLIC SERVICE  
COMMISSION**

RE: Application of Atmos Energy Corporation for an Order  
Authorizing the Implementation of a \$2,200,000,000 Universal  
Shelf Registration for Debt and Equity Financing

Dear Ms. O'Donald:

I enclose herewith an original, plus eleven (11) copies, of an Application of Atmos Energy Corporation for an Order Authorizing the Implementation of a \$2,200,000,000 Universal Shelf Registration for Debt and Equity Financing. I am also enclosing an original, plus eleven (11) copies, of an Application for Deviation. Please return one file stamped copy of each Application to me. Thanks.

Very truly yours,



Mark R. Hutchinson

MRH:bkk

Enclosures

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

**RECEIVED**

JUL 30 2004

PUBLIC SERVICE  
COMMISSION

IN THE MATTER OF:

IN THE MATTER OF THE APPLICATION )  
OF ATMOS ENERGY CORPORATION, )  
FOR AN ORDER AUTHORIZING THE )  
IMPLEMENTATION OF A \$2,200,000,000 )  
UNIVERSAL SHELF REGISTRATION )  
FOR DEBT AND EQUITY FINANCING )  
)  
)  
)

CASE NO. 2004-00300

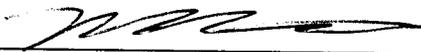
**APPLICATION FOR DEVIATION**

Comes Atmos Energy Corporation ("Atmos Energy"), and respectfully requests the Commission to grant it a deviation from one of the requirements contained in 807 KAR 5:001, Section 6. In support of this application, Atmos Energy states as follows:

1. Contemporaneous with the filing of this Application, Atmos Energy has filed an Application for an order authorizing the implementation of a \$2,200,000,000 universal shelf registration for debt and equity financing. 807 KAR 5:001, Section 6, requires that a financial exhibit be annexed to Atmos Energy's Application. Section 6 further requires that the financial exhibit cover operations for a 12 month period, said period ending not more than ninety (90) days prior to the date the application is filed. The financial exhibit attached as Exhibit "A" to Atmos Energy's application covers operations for a twelve month period ending March 31, 2004 which is more than ninety (90) days prior to the date the application is being filed.

2. Atmos Energy respectfully requests the Commission to grant it a deviation from this ninety (90) day requirement. The financial information contained in Exhibit "A" of the Application is the most current financial information available to Atmos Energy because the financial results for the quarter ending June 30, 2004 have not yet been finalized. Further, Atmos Energy does not believe that there has been any material change in its operations or financial performance that would be revealed by a reporting period ending April 30, 2004 or later. To delay filing the Application until the financial information necessary for an April 30, 2004 or later ending date can be completed, could jeopardize the ability of Atmos Energy to expeditiously arrange for the permanent financing of the acquisition of TXU Gas following the closing of that transaction.
3. Atmos Energy accordingly requests the Commission to deviate from the ninety (90) day requirement of 807 KAR 5:001, Section 6, and to accept Atmos Energy's financial exhibit which covers operations for a twelve month period ending March 31, 2004, as opposed to April 30, 2004 or later.

Respectfully submitted this 27 day of July, 2004.



Mark R. Hutchinson  
2207 Frederica Street  
Owensboro, Kentucky 42303

Douglas Walther  
Atmos Energy Corporation  
PO Box 650250  
Dallas, Texas 75265

ATTORNEYS FOR ATMOS ENERGY CORPORATION

BEFORE THE  
PUBLIC SERVICE COMMISSION OF KENTUCKY

**RECEIVED**  
**JUL 30 2004**  
**PUBLIC SERVICE**  
**COMMISSION**

IN THE MATTER OF THE APPLICATION )  
OF ATMOS ENERGY CORPORATION, )  
FOR AN ORDER AUTHORIZING THE )  
IMPLEMENTATION OF A \$2,200,000,000 )  
UNIVERSAL SHELF REGISTRATION )  
FOR DEBT AND EQUITY FINANCING )  
)  
)  
)  
)

CASE NO. 2004-00300

**APPLICATION**

1. Pursuant to KRS 278.300, and all other applicable law, Atmos Energy Corporation ("Applicant" or "Atmos"), files its Application herein for an Order authorizing the implementation of a \$2.2 billion (\$2,200,000,000) universal shelf registration. The universal shelf registration will allow Atmos to offer, from time to time, debt securities and shares of its common stock, without par value, at prices and terms to be determined at the time of sale. The debt securities and/or common stock may be issued in one or more series of issuances. Atmos may sell the securities to or through underwriters, dealers or agents, or directly to one or more purchasers.

2. Pursuant to a June 17, 2004 Agreement between Atmos and TXU Corp., Atmos will acquire the business of TXU Gas Company from TXU Corp. for a purchase price of \$1.925 billion. TXU Gas Company ("TXU Gas") is a wholly-owned subsidiary of TXU Corp. and is engaged in the transmission and distribution of natural gas at retail to approximately 1.5 million customers in Texas. TXU Gas also owns an intrastate pipeline system consisting of 1,800 miles of transmission pipeline in Texas and 5 natural gas reservoirs connected to a pipeline with a working capacity of approximately 39 Bcf. The purchase price has been initially funded through a combination of short-term debt (approximately \$1.69 billion) and common equity (\$236 million). The common equity was

issued pursuant to a previous universal shelf registration approved by this Commission in Case No. 2002-00052 and is part of the permanent financing of the acquisition. Following the closing of the transaction, the net proceeds from the universal shelf registration will be used primarily for the remainder of the permanent financing of the acquisition of the business of TXU Gas Company. Any remaining proceeds will be used for one or more of the following purposes: for the repayment of all or a portion of other Applicant's short-term debt; for the acquisition or construction of additional properties, as well as improvements in the Company's existing utility plant; for refunding of higher coupon long-term debt as market conditions permit; and for general corporate purposes. All the foregoing are lawful purposes and are appropriate or consistent with the proper performance by Atmos of its service to the public and will not impair its ability to perform that service and is reasonable, necessary and appropriate for such purposes.

3. Atmos cannot currently state how the \$2,200,000,000 will be divided between equity and debt financing. Atmos' goal is to keep its debt to capitalization ratio within a range of 50-60% with a reduction to 50-55% within five years. Atmos does not plan to implement the universal shelf registration in a manner that would materially change such target range. However, Atmos believes that it is important to maintain the flexibility necessary to allow it to utilize the most favorable financing option available at a particular time.

4. The \$2,200,000,000 universal shelf subject of this Application will be registered with the Securities and Exchange Commission.

5. Approval of this application is in the public interest because it will allow Atmos the flexibility to utilize the most favorable financing options available.

6. Applicant, a Virginia and Texas corporation, is duly qualified under the laws of Kentucky to carry on its business in the Commonwealth of Kentucky. Atmos operates as a public utility in the business of purchasing, transmitting and distributing

natural gas to residential, commercial and industrial users in western and south central Kentucky. No transfer of ownership or control, or right to control, by sale of assets, transfer of stock or otherwise, will occur as a result of this transaction.

7. The Company's principal operating office and place of business in Kentucky is 2401 New Hartford Road, Owensboro, Kentucky 42303. The post office address of Applicant is P.O. Box 650205, Dallas, Texas 75265-0205.

8. A certified copy of Applicant's Restated Articles of Incorporation as Amended, together with all amendments thereto, are on file in the records of the Commission and the same are incorporated herein by reference. *See, In the Matter of the Application of Atmos Energy Corporation, Through its Division, Western Kentucky Gas Company of Owensboro, Kentucky, for and Order Authorizing the Issuance of up to 1,655,740 Shares of Common Stock, Case No. 2000-436.*

9. Correspondence and communications with respect to this Application should be directed to:

Gary Smith  
Vice President, Marketing, Rates and Regulatory Affairs  
Atmos Energy Corporation, Kentucky Division  
2401 New Hartford Road  
Owensboro, Kentucky 42303

Douglas C. Walther  
Senior Attorney  
Atmos Energy Corporation  
P.O. Box 650205  
Dallas, Texas 75265-0205

Mark R. Hutchinson  
2207 Frederica St.  
Owensboro, Kentucky 42301

10. Pursuant to KRS 278.300, the Applicant respectfully requests expedited consideration of this Application so that the universal shelf registration may be implemented. The universal shelf registration will allow Atmos the flexibility to respond expeditiously to favorable market conditions.

11. To comply with the requirements of 807 KAR 5:001, Sections 6, 8 and 11 of the Commission's Administrative Regulations, there is attached hereto and incorporated herein by reference, Exhibit A, which contains all of the financial information therein required.

12. Pursuant to 807 KAR 5:001, Section 11(2)(b), true and correct copies of Applicant's outstanding deeds of trust and mortgages are on file in the records of the Commission and the same are incorporated herein by reference. *See, In Re The Matter of the Application of Atmos Energy Corporation for Authorization to Issue Additional Shares, Case No. 97-351.*

WHEREFORE, Atmos respectfully requests that the Commission authorize by appropriate order or certificate the implementation of the \$2,200,000,000 universal shelf plan.

Respectfully submitted on this 29 day of July, 2004.

Douglas C. Walther  
Senior Attorney  
Atmos Energy Corporation  
P.O. Box 650205  
Dallas, Texas 75265-0205

Mark R. Hutchinson  
2207 Frederica Street  
Owensboro, Kentucky 42301

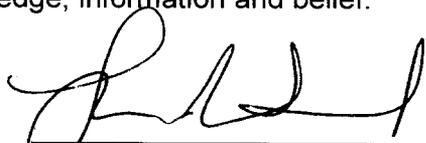
COUNSEL FOR ATMOS ENERGY CORPORATION

By: 

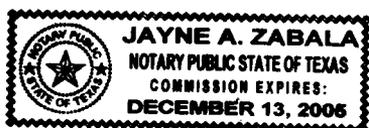
**VERIFICATION**

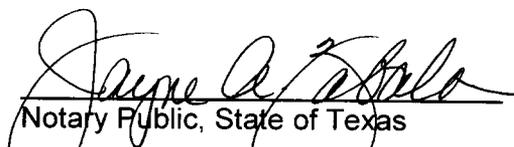
STATE OF TEXAS           §  
  §  
COUNTY OF DALLAS       §

The undersigned, being under oath, says that she is the Vice President and Treasurer of Atmos Energy Corporation, the Applicant named in the above and foregoing Application, that she has read said Application, knows the contents thereof and that the same is true to the best of his personal knowledge, information and belief.

  
\_\_\_\_\_  
Laurie M. Sherwood  
Vice President and Treasurer  
Atmos Energy Corporation

Subscribed and sworn to before me this 21<sup>st</sup> day of July, 2004, by Laurie M. Sherwood, as Vice President and Treasurer of Atmos Energy Corporation, on behalf of the said corporation.



  
\_\_\_\_\_  
Notary Public, State of Texas

KENTUCKY  
EXHIBIT A

References preceding each subpart of this Exhibit pertain to subsections of Sections 6 and 11 of 807 KAR 5:001.

Atmos Energy Corporation operates in Kentucky through its Kentucky division. The following includes information for Atmos Energy Corporation (unless otherwise stated) since the Kentucky division does not have a separate capital structure or authorized stock.

**6(1) Amount and kinds of stock authorized**

As of March 31, 2004 Atmos Energy Corporation had 100,000,000 shares of common stock (no par value) authorized.

**6(2) Amount and kinds of stock issued and outstanding**

At March 31, 2004 Atmos Energy Corporation had 52,235,980 shares of common stock issued and outstanding.

**6(3) Terms of preference of preferred stock whether cumulative or participating, or on dividends or assets or otherwise.**

Atmos Energy Corporation has no preferred stock.

**6(4) Brief description of each mortgage on property of applicant, giving date of execution, name of mortgagor, name of mortgagee, or trustee, amount of indebtedness authorized to be secured thereby, and the amount of indebtedness actually secured, together with any sinking fund provisions.**

Atmos has mortgages related to bonds assumed in the merger with Greeley Gas Company on December 22, 1993. The 9.4% series J bonds are secured by an Indenture of Mortgage and Deed of Trust dated April 1, 1991 in favor of First Colony Life Insurance Company. The outstanding First Mortgage Bonds assumed in the merger with Greeley are as follows:

<b><u>First Mortgage Bonds</u></b>	<b><u>Original Issue</u></b>	<b><u>Bonds Outstanding 3/31/2004</u></b>	<b><u>Interest accrued* for 12 months ended 3/31/2004</u></b>
9.4% Series J, due May 1, 2021	\$17,000,000 4/01/91	\$17,000,000	\$1,597,992

\* - See Note on page 2 of 9.

Atmos has mortgages related to bonds assumed in the merger with United Cities on July 31, 1997, which are listed below:

<u>First Mortgage Bonds</u>	<u>Original Issue</u>	<u>Bonds Outstanding 3/31/2004</u>	<u>Interest accrued* for 12 months ended 3/31/2004</u>
10.43% Series P, due 11/01/17	\$25,000,000 10/01/87	\$11,250,000	\$1,335,816
9.75% Series Q, due 4/30/20	\$20,000,000 4/01/90	\$17,000,000	\$1,676,762
11.32% Series R, due 5/10/04	\$15,000,000 12/01/89	\$ 2,160,000	\$ 333,008
9.32% Series T, due 6/01/21	\$18,000,000 6/01/91	\$18,000,000	\$1,707,084
8.77% Series U, due 5/01/22	\$20,000,000 5/01/92	\$20,000,000	\$1,767,990
7.50% Series V, due 12/01/07	\$10,000,000 12/01/92	\$ 4,166,666	\$ 455,156
		\$ 72,576,666	\$7,275,816

\*NOTE: Interest accrued approximates interest paid for the 12 months ended March 31, 2004.

6(5) **Amount of bonds authorized, and amount issued, giving the name of the public utility which issued the same, describing each class separately, and giving date of issue, face value, rate of interest, date of maturity and how secured, together with amount of interest paid thereon during the last fiscal year.**

Please refer to 6(4) above.

6(6) Each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid thereon during the last fiscal year.

Outstanding Notes of Applicant are as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Amount Outstanding at 3/31/2004</u>	<u>Date of Maturity</u>	<u>Rate of Interest</u>	<u>In favor of</u>	<u>Interest Accrued for 12 months ended 3/31/2004</u>
Sr. Notes	05/15/01	350,000,000	05/15/11	7.375%	(Publicly held)	26,402,991
Sr. Notes	01/16/03	250,000,000	01/15/13	5.125%	(Publicly held)	13,905,468
Note	12/31/91	1,151,654	12/31/11	10.0%	Kingdom Foundation	115,189
Note	12/31/91	1,151,654	12/31/11	10.0%	Michael D. Fredricks	115,189
Note	12/15/95	10,000,000	12/15/25	6.67%	Cede & Co.	676,300
Note	12/19/95	10,000,000	12/19/20	6.27%	Cede & Co.	640,754
Debentures	07/15/98	150,000,000	07/15/28	6.75%	U.S. Bank as Trustee	10,241,074
		\$772,302,818				\$52,096,965

6(7) Other indebtedness, giving same by classes and describing security, if any, with a brief statement of the devolution or assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the last fiscal year.

Other indebtedness of Atmos Energy Corporation is as follows:

<u>Description</u>	<u>Lender</u>	<u>Amount Outstanding at 3/31/2004</u>	<u>Rate of Interest</u>	<u>Interest Accrued* for 12 Months Ended 3/31/2004</u>
Committed Lines of Credit:				
One-year credit facility for up to \$18,000,000 renegotiated effective April 1, 2001	Amarillo National Bank	\$ 0	Short-term rate based upon option chosen at time of borrowing	\$ 77,611
364-Day Revolving Credit Agreement for up to	Bank One, NA, Suntrust Bank,	0	Short-term rate based upon option chosen at time of	940,854
TOTAL COMMITTED LINES		\$ 0		\$956,790

\*NOTE: Interest accrued approximates interest paid for the 12 months ended March 31, 2004.

<u>Description</u>	<u>Lender</u>	<u>Amount Outstanding at 3/31/2004</u>	<u>Rate of Interest</u>	<u>Interest Accrued* for 12 Months Ended 3/31/2004</u>
Uncommitted Money Market Lines of Credit:				
Credit facility for up to \$25,000,000	KBC Bank	\$ 0	Short-term rate based upon option chosen at time of borrowing	3,136
\$350,000,000 Commercial Paper Program	Merrill Lynch Bank One as dealers	0	Money market rate as quoted	701,393
TOTAL UNCOMMITTED LINES		<u>0</u>		<u>704,529</u>
TOTAL LINES OF CREDIT		\$ 0		\$1,772,994

\*NOTE: Interest accrued approximates interest paid for the 12 months ended March 31, 2004.

6(8) **Rate and amount of dividends paid during the five (5) previous fiscal years and the amount of capital stock on which dividends were paid each year.**

The following is Atmos Energy Corporation's dividend history for the past five fiscal years.

<u>Fiscal Year Ended Sept 30</u>	<u>Atmos Dividend Rate</u>	<u>Amount of Dividends Paid</u>	<u>Average Shares For Each Fiscal Year</u>
Fiscal 1999	\$1.10	\$33,881,976	30,819,000
Fiscal 2000	\$1.14	\$35,994,574	31,594,000
Fiscal 2001	\$1.16	\$44,111,974	38,247,000
Fiscal 2002	\$1.18	\$48,646,766	41,250,000
Fiscal 2003	\$1.20	\$55,290,637	46,496,000
For the 12 months ended March 31, 2004	\$1.21	\$60,737,872	50,471,000

6(9) **Detailed income statement and balance sheet.**

The following is the separate company income statement and balance sheet of Atmos Energy Corporation.

**ATMOS ENERGY CORPORATION  
STATEMENT OF INCOME  
FOR THE TWELVE MONTHS ENDED  
March 31, 2004  
(Thousands of Dollars)  
(Unaudited)**

Operating revenues	\$1,626,323
Purchased gas cost	1,130,340
Gross profit	<u>495,983</u>
Operating expenses:	
Operation and maintenance	200,392
Depreciation and amortization	87,703
Taxes, other than income	55,032
Total operating expenses	<u>343,127</u>
Operating income	152,856
Other expense	4,333
Interest charges	65,396
Equity in earnings of unconsolidated non-regulated subsidiaries	<u>26,514</u>
Income before income taxes	118,307
Income taxes	<u>33,099</u>
Net income	<u>\$ 85,208</u>

**ATMOS ENERGY CORPORATION**  
**BALANCE SHEET**  
**March 31, 2004**  
**(Thousands of Dollars)**  
**(Unaudited)**

**ASSETS**

Property, plant and equipment	\$2,467,881
Less accumulated depreciation and amortization	874,442
Net property, plant and equipment	<u>1,593,439</u>
Investments in and advances to subsidiaries	149,763
Current assets	
Cash	76,959
Accounts receivable, net	238,542
Inventories and other current assets	2,727
Gas stored underground	32,781
Deferred gas costs	30,967
Intercompany, net	45,748
Total current assets	<u>425,282</u>
Goodwill	236,550
Deferred charges and other assets	216,540
	<u>\$2,621,574</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

Shareholders' equity	
Common stock	\$ 261
Additional paid-in capital	753,770
Retained earnings	178,769
Accumulated other comprehensive income	49
Shareholders' equity	<u>932,849</u>
Long-term debt	855,803
Total capitalization	<u>1,788,652</u>
Current liabilities:	
Current maturities of long-term debt	6,077
Accounts payable and accrued liabilities	226,636
Short-term debt	-
Customers' deposits	44,551
Taxes payable	37,199
Other current liabilities	54,926
Total current liabilities	<u>369,389</u>
Deferred income taxes	232,918
Deferred credits and other liabilities	230,615
	<u>\$2,621,574</u>

- 11(a) The Applicant's property is comprised primarily of gas utility plant and related facilities of a local distribution company operating in Illinois, Iowa, Georgia, Tennessee, Virginia, Colorado, Kansas, Missouri, Kentucky, Texas, Mississippi and Louisiana. At March 31, 2004, the cost to the Applicant was \$2,467,880,524.
- 11(b) Atmos Energy proposes to issue up to \$2.2 billion in additional shares of Common Stock, no par value, of Atmos and long-term debt.
- 11(c) The shares and long-term debt are to be issued primarily for the remainder of the permanent financing of the acquisition of TXU Gas by the Company. TXU Gas is engaged in the transmission and distribution of natural gas at retail to approximately 1.5 million customers in Texas. TXU Gas also owns an intrastate pipeline system consisting of approximately 1,800 miles of transmission pipeline in Texas and 5 natural gas reservoirs connected to a pipeline with a working capacity of approximately 39 Bcf. The amount of such financing will be approximately \$1.69 billion. Any remaining proceeds will be used for one or more of the following purposes: the repayment of all or a portion of the Applicant's short-term debt; for the acquisition or construction of additional properties, as well as improvements to the Company's existing utility plant; for refunding of higher coupon long-term debt as market conditions permit and for general corporate purposes.
- 11(d) Please refer to 11(c) above.
- 11(e) Please refer to 11(c) above.
- 11(2)(a) Please refer to 6(1) through 6(9) above.
- 11(2)(b) The mortgage earlier described in 6(4) has previously been filed with the Commission.
- 11(2)(c) Not applicable.